



# Mandatory Delivery Fee Memo – HF580

## Retail Delivery Fee Bill Information

Bill: [HF580](#) | No Senate Companion (3.20.23)

Authors: [Koegel](#), [Hornstein](#), [Tabke](#) | (*Hornstein Chairs Transportation, Tabke is Vice Chair*)

Committee Hearing: Thursday March 23 at 8:30AM | House Transportation Finance and Policy

House Research Summary: [Not Available](#)

Fiscal Note: [Available](#)

Dept of Revenue Estimate: [Available](#)

## Key Details

- Imposes retail delivery fee on every delivery of tangible personal property. The responsibility is for the retailer to charge the customer.
- Effective January 1, 2024.
- Key terms defined:
  - *Retail Delivery*: means a retail sale of a tangible personal property by a retailer for delivery by a motor vehicle to the purchaser at a location in Minnesota in which the sale contains at least one item of tangible personal property that is subject to taxation under chapter [297A](#), including the retail sale of clothing notwithstanding the exemption from taxation for clothing under the chapter [297A](#).
  - *Retailer*: means any person making sales, leases or rental of personal property or services within or into the state of Minnesota.
  - *Tangible Personal Property* ([297A.61 subd 10](#)): means personal property that can be seen, weighed, felt, or touched, or that is in any other manner perceptible to senses.

## Retail Delivery Fee Schedule

Fee Schedule Dates	January 1, 2024 to June 30, 2025	July 1, 2025 to June 30, 2027	July 1, 2027 and beyond
Fee Amount	\$0.40	\$0.45	\$0.50

## Retail Delivery Fee Details

- The fee must be collected by the retailer, (there is lack of clarity on third party purchases or services), from the customer.
- The retailer must remit the fee to the Department of Revenue in the time and manner prescribe by the commissioner.
- The retail delivery fee must not be included in the sales price.
- The retail delivery must be charged in addition to any other delivery fee.
- The retailer must show the total of the retail delivery fee and other delivery fees as separate items and distinct from sales price and any other taxes or fees imposed.
- Each retail sale is a single retail delivery regardless of the number of shipments necessary to delivery the items of tangible personal property purchased.

## Retail Delivery Fee Revenue Use\*

Funds Deposited To	Highway User Tax Distribution Fund ( <a href="#">161.045</a> )	Metropolitan Area Transit Account ( <a href="#">16A.88</a> )	Greater Minnesota Transit Account ( <a href="#">16A.88</a> )
Amount	60%	36%	4%

\*The Department of Revenue Commissioner shall retain an amount that does not exceed the total cost of collecting, administering, and enforcing the retail delivery fee and shall deposit the amount in the revenue department service and recovery special revenue fund.



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### Department of Revenue Estimate

Department of Revenue  
Analysis of H.F. 580 (Koegel)

	<b>Fund Impact</b>			
	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
			(000's)	
Highway User Tax Distribution Fund	\$27,800	\$67,200	\$76,100	\$76,600
Metropolitan Area Transit Account	\$16,700	\$40,300	\$45,700	\$46,000
Greater Minnesota Transit Account	<u>\$1,900</u>	<u>\$4,500</u>	<u>\$5,100</u>	<u>\$5,100</u>
Transit Assistance Fund Subtotal	\$18,600	\$44,800	\$50,800	\$51,100
Special Revenue Fund	*	*	*	*
<b>Total – All Funds</b>	<b>\$46,400</b>	<b>\$112,000</b>	<b>\$126,900</b>	<b>\$127,700</b>

\*An unknown amount will be deposited in the Revenue Department Service and Recovery Special Revenue Fund.

Effective January 1, 2024.

Details to determine revenue analysis:

- Data from the retail delivery fee in Colorado was used to inform the estimates.
- It is estimate that there will be **48 delivers per person annually** subject to the delivery fee.
- Minnesota’s population in 2021 was an estimated 5,711,471 according to the US Census Bureau.
- Minnesota’s population is assumed to grow at the rate of 0.7% annually based on projections from the Minnesota state demographer.

### Background on Colorado Retail Delivery Fee

- How much is the fee? \$0.27
- Effective Date: July 1, 2022
- Retail Delivery Fee: Imposed on all deliveries by motor vehicle to a location in Colorado with at least one item of tangible personal property subject to state sales or use tax.
- Who collects the fee? The retailer or marketplace facilitator that collects the sales or use tax on the tangible personal property sold and delivered, including delivery by a third party, is liable to collect and remit the retail delivery fee. The fee is collected state-wide and is calculated per fee.
- When is the fee due? The retail delivery fee is due at the same times as a businesses sales tax return. This is typically monthly, but may be quarterly or annual basis pending the retailer. Colorado established a new return form – [DR1786](#).
- More details can be found at Colorado Department of Revenue site, [here](#).

### Colorado Retail Delivery Fee Make Up

Fee Type	Rate July 2022 to June 2023
Community Access Retail Delivery Fee	\$ 0.0690
Clean Fleet Retail Delivery Fee	\$ 0.0530
Clean Transit Retail Delivery Fee	\$ 0.0300
General Retail Delivery Fee	\$ 0.0840
Bridge and Tunnel Retail Delivery Fee	\$ 0.0270
Air Pollution Mitigation Retail Delivery Fee	\$ 0.0070
<b>Total Retail Delivery Fee</b>	<b>\$ 0.27</b>